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C O N F I D E N T I A L SECTION 01 OF 03 SANTIAGO 000309

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SUBJECT: VICE PRESIDENT BIDEN'S MARCH 27 MEETING WITH
URUGUAYAN PRESIDENT TABARE VAZQUEZ

Classified By: Ambassador Paul Simons for reasons 1.4 (b/d).

[1](#)1. (U) March 27, 2009; 6:30 pm) 7:05 pm; Vina del Mar,
Chile.

[1](#)2. (U) Participants:

U.S.

Joseph Biden, Vice President

Antony Blinken, National Security Advisor to the
Vice President

Brian McKeon, Deputy National Security Advisor to
the Vice President

Dan Restrepo, Senior Director, Western Hemisphere
Affairs, National Security Council

Craig Kelly, Principal Deputy Assistant Secretary
of State for Western Hemisphere Affairs, U.S.
Dept. of State

Jennifer Spande (notetaker), Senior Political Officer, U.S.
Embassy Santiago

URUGUAY

Tabare Vazquez, President

Alvaro Garcia, Minister of Economics

Ariel Belgamino, Presidential Advisor

Jorge Vazquez, Presidential Secretary

Carlos Pita, Uruguayan Ambassador in Chile

[1](#)3. (C) Summary: On the margins of the Progressive
Governance Leaders Summit in Chile, Vice President Joseph
Biden and Uruguayan President Tabare Vazquez focused their
March 27 bilateral discussion on further developing the
"excellent" U.S. and Uruguayan relationship, a shared
commitment to reducing inequality in their own countries, and
collaborating to find solutions to the economic crisis. End
Summary.

Biden: Crisis is an Opportunity to Push for Equitable
Economic Growth

[1](#)4. (C) Vice President Biden opened the meeting by sending
regards from President Obama and noting that they both
admired the incredible work that President Vazquez had done
in a difficult position. Biden emphasized his eagerness to
meet with South and Central American leaders during this
trip, and the Administration's desire to use this visit to
signal their interest in developing a new relationship with
the hemisphere. He and President Obama want to listen to
others' thoughts on the financial crisis and other topics as
well as sharing their own views.

[1](#)5. (C) While climbing out of the "deep hole" of the economic
crisis, the U.S. and other leaders must also work to lay a
new foundation for sustained and equitable economic growth.

Between World War II and the 1970s, workers' real incomes rose along with the country's economic output. Since then, however, the American middle class has experienced a net loss in real income. Simply providing a safety for the most vulnerable is not sufficient, Biden said; they must also have a ladder out of poverty.

¶6. (C) The Vice President acknowledged the seriousness of the current economic crisis, but said that as a "congenital optimist," he believes that world leaders can change the economic dynamic. President Obama's stimulus package includes investments in education, energy, and health care because long-term growth is impossible without strengthening these sectors.

Vazquez: Relations with U.S. "Excellent," Eager for More Cooperation

¶7. (C) President Vazquez said he had followed the U.S. election very closely and was pleased with the example it set of free democratic expression. He agreed that a new relationship between the U.S. and Latin America was "possible and necessary" not just for the sake of this hemisphere, but for the whole world. No country can ignore the United States, because it is the world's largest power. Vazquez hopes that Uruguay's relationship with the U.S. will go further and be based on mutual respect, positive dialogue, and increased exchange of political, scientific, and cultural leaders.

¶8. (C) The U.S.-Uruguay relationship, which has historically

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been very strong, has reached an "excellent" level in the last four years, the Uruguayan President said. Vazquez highlighted several areas of cooperation, including the recent signings of a Bilateral Investment Treaty and Trade and Investment Framework Agreement (TIFA); agreements on environmental cooperation, scientific exchanges, and trade; and phyto-sanitary cooperation which has led to increased Uruguayan agricultural exports to the U.S. In terms of moving the relationship ahead, Vazquez noted that his government was willing to discuss additional protocols under the TIFA --intellectual property rights, government purchases, and e-commerce. He also signaled his interest in increasing bilateral cultural and scientific exchanges.

Vazquez: Uruguay Strong as Financial Crisis Looms

¶9. (C) Uruguay is in a privileged position due to its natural and human resources. The country is dedicated to liberty, democracy, peaceful co-existence with other nations, and fighting terrorism. Vazquez is committed to reducing the economic gap in Uruguay. He believes in rights to health, education, and dignified work and sees these as the basis for strong international relations.

¶10. (C) Vazquez noted that during the December 2008 Latin America and Caribbean Summit in Bahia, Brazil he had called on his fellow leaders to stop blaming their problems on the legacy of Portuguese, Spanish, British, and American imperialism. While imperial legacies do have some lingering negative effects, too often this is a fig leaf for Latin American countries' own failure to address education, social, and health concerns.

¶11. (C) Vazquez noted that Uruguay is in a good position to face the financial crisis, having reduced vulnerabilities in recent years and enacted some counter-cyclical measures in the last few months. As a result, Uruguay's GDP has grown while some of its neighbors have experienced contractions and Uruguay has significant foreign investment. The President

noted that he believed protectionism would only aggravate the crisis and had asked the presidents of Brazil and China to avoid protectionist measures. Uruguay is eager to engage with the U.S. in developing a plan to address the crisis.

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Biden: Our Economic Success is Linked to Yours
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¶12. (C) The U.S. does not see economics as a zero-sum game, the Vice President stated, asserting that U.S. economic success lies in the success of Uruguay and other western hemisphere countries. The Vice President rejected protectionism but affirmed the need to ensure that free trade creates good jobs. In the longer term, the Obama administration would like to see free trade based on employee rights and environmental protection to ensure that the jobs created by free trade agreements are good ones and that negative environmental impacts are minimized. "We need to make sure that the protectionist instinct is not fulfilled," the Vice President said, noting that sometimes trade wars lead to physical conflicts.

¶13. (C) Stimulating the economy is the most urgent task before the G-20, the Vice President noted. Nonetheless, he called for members to jettison the idea that re-regulation is an economic cure-all.

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Closing the Income Gap in U.S. and Uruguay
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¶14. (C) The Vice President explained that, domestically, the Obama administration has said that one critical measure of their first term success will be whether the living standards of the American middle class and those aspiring to be middle class rise. Toward that end, Biden has gone to every cabinet agency and asked what they are doing to meet this goal, including in the areas of health, child development, eldercare, jobs, and the environment.

¶15. (C) President Vazquez closed the meeting by sharing his commitment and approach to reducing poverty. In two years, Uruguay has reduced poverty from 33 to 21 percent by enacting structural reforms such as expanding access to health care, giving every public school student and teacher their own computer, and establishing an income tax to pay for these programs.

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¶16. (U) The Office of the Vice President cleared this message.
SIMONS